

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

JOHN (JACK) BENGEL,

Plaintiff,

v.

CONTINENTAL
AKTIENGESELLSCHAFT;
CONTINENTAL TIRE THE AMERICAS,
LLC; COMPAGNIE GÉNÉRALE DES
ÉTABLISSEMENTS MICHELIN;
MICHELIN NORTH AMERICA, INC.;
NOKIAN TYRES PLC; NOKIAN TYRES
INC; NOKIAN TYRES U.S. OPERATIONS
LLC; THE GOODYEAR TIRE & RUBBER
COMPANY; PIRELLI & C. S.P.A.; PIRELLI
TIRE LLC; BRIDGESTONE
CORPORATION; BRIDGESTONE
AMERICAS, INC.; and DOES 1-100,

Defendants.

Case No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

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Plaintiff John (Jack) Bengel, on behalf of himself and all others similarly situated, brings this Class Action Complaint for damages and injunctive relief against Defendants Continental Aktiengesellschaft; Continental Tire the Americas, LLC (together, “Continental”); Compagnie Générale des Établissements Michelin; Michelin North America, Inc. (together, “Michelin”); Nokian Tyres plc; Nokian Tyres Inc; Nokian Tyres U.S. Operations LLC (collectively, “Nokian”); The Goodyear Tire & Rubber Company (“Goodyear”); Pirelli & C. S.p.A.; Pirelli Tire LLC (collectively, “Pirelli”); Bridgestone Corporation; Bridgestone Americas, Inc. (together, “Bridgestone”), and unidentified Doe Defendants (collectively, “Defendants”) for violations of Sections 1 and 3 of the Sherman Act (15 U.S.C. §§ 1, 3) and for unjust enrichment.

INTRODUCTION

1. Over 300 million tires are sold in the United States each year.¹ Approximately 80% of market demand for tires is demand for replacement tires² generating billions of dollars in sales — and profit — annually.³ The value of the replacement tire market in the U.S. in 2022 was \$61.42 billion, with \$38 billion attributable to passenger vehicles, \$11.7 billion attributable to trucks, and the remainder attributable to light truck, off the road, and farm vehicles.⁴

¹ Will Creech, *Tire Production Statistics*, TIRE GRADES (Aug. 30, 2023), <https://tiregrades.com/buying-guides/tire-production-statistics/#:~:text=Tire%20Production%20Statistics%201%20Global%20Tire%20Production%3A%20Over,Firestone.%205%20Emerging%20Retail%20Platforms%3A%20Tire%20Rack%2C%20Amazon.>

² Mobility Foresights, *US Tire Market Size, Trends, Forecast & Risk 2024-2030*, <https://mobilityforesights.com/product/us-tire-market/#:~:text=Although%2080%25%20of%20the%20market%20demand%20is%20generated,brings%20more%20visibility%20and%20credibility%20to%20the%20brand> (last accessed Feb. 12, 2024).

³ See *supra* note 1.

⁴ Martin Placek, *U.S.: replacement tire market size 2016-2022*, Statista (Dec. 8, 2023), <https://www.statista.com/statistics/581639/size-of-the-pneumatic-tire-market-in-the-us/#:~:text=In%202022%2C%20the%20U.S.%20market,2022%2C%20followed%20by%20truck%20tires.>

2. This case arises from a conspiracy among the largest tire manufacturers in the world to fix the prices of new replacement tires for passenger cars, vans, trucks and buses (“Tires”) sold in the United States.

3. On January 30, 2024, the European Commission (“EC”) announced that it was carrying out unannounced inspections and dawn raids in the replacement tires industry.⁵ The EC explained that “the inspected companies may have violated EU antitrust rules that prohibit cartels and restrictive business practices.”⁶ It cited its concerns that “price coordination took place amongst the inspected companies, including via public communications.”⁷ Defendants Pirelli, Continental, Michelin, Nokian, Goodyear, and Bridgestone each confirmed that they were raided by EU antitrust regulators relating to this investigation.

4. The EC’s investigation followed major increases in the cost of Tires over the past four years, following a period of stable Tire prices. Since 2021, there has been a 21.4% increase in the cost of tires in the United States.⁸ In fact, Defendants have increased their prices in lockstep. For example, on December 1, 2022, Michelin North America, Inc. announced a price increase of up to 9% across its brands, effective January 2023.⁹ *One day later*, on December 2, 2022, Pirelli

⁵ European Commission Press Release IP/24/561, Commission Carries Out Unannounced Antitrust Inspections in the Tyres Sector (Jan. 30, 2024), https://ec.europa.eu/commission/presscorner/detail/en/ip_24_561.

⁶ *Id.*

⁷ *Id.*

⁸ Michael Grabell, *Overinflated: The Journey of a Humble Tire Reveals Why Prices Are Still So High*, PROPUBLICA (May 3, 2023), <https://www.propublica.org/article/inflation-tires-rubber-imports-high-prices>.

⁹ Michelin, *Michelin Implements Price Increase in Canada and the U.S.* (Dec. 1, 2022), <https://michelinmedia.com/pages/blog/detail/article/c/a1254/#:~:text=Michelin%20North%20America%20is%20announcing,the%20United%20States%20and%20Canada>.

announced that it would increase prices up to 10% effective January 15, 2023.¹⁰ Bridgestone also announced a price increase on December 2, 2022 effective January 2023.¹¹

5. In addition to the EC's dawn raids and Defendants' lockstep price increases, Defendants' unlawful agreement to fix Tire prices is supported by, among other things, high market concentration, significant barriers to entry, lack of economic substitutes for Tires, price inelasticity, motive, and opportunity to conspire.

6. Plaintiff and Class members have each paid artificially high prices for Tires as a result of Defendants' conspiracy.

7. Defendants' conspiracy has unreasonably restrained trade in violation of Section 1 and 3 of the Sherman Act, 15 U.S.C. §§ 1 & 3, and Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 & 26. Accordingly, Plaintiff and the Class seek to recover treble damages, injunctive relief, and other relief as is appropriate, based on Defendants' violation of federal antitrust laws. Plaintiff demands a trial by jury.

JURISDICTION AND VENUE

8. The Court has subject matter jurisdiction under 28 U.S.C. §§ 1331, 1332(d), 1337(a), and 1367. The Court has jurisdiction over Plaintiff's claim for injunctive relief pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26.

9. This Court also has subject matter jurisdiction over this lawsuit under the Class Action Fairness Act, 28 U.S.C. § 1332(d)(2) because this is a proposed class action in which: (1) there are at least 100 Class members; (2) the combined claims of Class members exceed

¹⁰ *Pirelli Plans January Price Hike*, MODERN TIRE DEALER (Dec. 2, 2022), <https://www.moderntiredealer.com/retail/article/11460891/pirelli-plans-january-price-hike>.

¹¹ *Bridgestone Plans PLT Price Increase*, MODERN TIRE DEALER (Dec. 2, 2022), <https://www.moderntiredealer.com/retail/article/11460885/bridgestone-plans-plt-price-increase-for-2023>.

\$5,000,000, exclusive of interest, attorneys' fees, and costs; and (3) Defendants and at least one Class member are domiciled in different states.

10. This Court has personal jurisdiction over Defendants because they purposefully directed their business activities toward this jurisdiction and had substantial contacts with this jurisdiction, and because Plaintiff's claims for relief arise from the illegal acts Defendants committed within this jurisdiction. Further, Plaintiff paid unlawful overcharges for Tires and suffered antitrust injury within this jurisdiction.

11. This Court has personal jurisdiction over Defendants because they maintain sufficient minimum contacts with the United States, the State of Ohio and a substantial part of the events and conduct giving rise to Plaintiff's and Class members' claims occurred in this state.

12. Additionally, Defendants The Goodyear Tire & Rubber Company and Continental Tire the Americas, LLC are organized under the laws of Ohio and have their principal places of business in Ohio. Defendant Bridgestone Americas, Inc. also operates a manufacturing facility in Ohio.

13. Venue is proper in this district under 28 U.S.C. §§ 1391(a), (b), (c), and (d), and 15 U.S.C. §§ 15(a) and 22 because Defendants transacted business in this District and a substantial part of the events or omissions giving rise to Plaintiff's claims occurred in this District. During the Class Period (defined below), Defendants transacted business in this District, and a substantial portion of the activity at issue in this case occurred in this District, and Defendants The Goodyear Tire & Rubber Company and Continental Tire the Americas, LLC were at all relevant times incorporated under the laws of the State of Ohio.

14. Venue is proper in this District under 28 U.S.C. § 1391(b) because a substantial part of the events or omissions giving rise to Plaintiff's claims occurred in this District.

PARTIES

A. Plaintiff

15. Plaintiff John (Jack) Bengel (“Bengel”) is a citizen of the state of Ohio. Mr. Bengel purchased a Tire directly from Defendant Bridgestone during the Class Period and paid an artificially high price for his Tire.

B. Defendants

1. Continental

16. **Defendant Continental Aktiengesellschaft** (“Continental AG”), is headquartered at Vahrenwalder Strasse 9, 30165 Hannover, Germany. Continental AG has four group sectors: Automotive, Tires, ContiTech, and Contract Manufacturing.¹² The Tires group has five business areas: (i) Original Equipment, (ii) Replacement APAC, (iii) Replacement EMEA, (iv) Replacement the Americas, and (iv) Specialty Tires.¹³

17. In its 2022 Annual Report, Continental AG reported that its “Tires group sector achieved a particularly positive result, even surpassing expectations with an adjusted EBIT margin of 13.1 percent.”¹⁴ In 2022, Continental AG reported sales of €14 billion globally for its tire group.¹⁵ Continental AG’s tire group boasts 56,987 employees worldwide.¹⁶

18. In the Tires group sector, sales to dealers and end users represent the largest share of the Tire replacement business.¹⁷ For the tires group sector, economies of scale are important

¹² Continental 2022 Annual Report at 26, https://cdn.continental.com/fileadmin/_imported/sites/corporate/_international/english/hubpages/30_20investors/30_20reports/annual_20reports/downloads/continental_annual_report_2022.pdf?_gl=1*9f4olq*_ga*MTcxMDgzNzQ4Ni4xNzA2NjMyMDgz*_ga_CXY4Q1X5YZ*MTcwNjc5NTA5MS4zLjEuMTcwNjc5NTI1NS4wLjAuMA (last accessed Feb. 12, 2024).

¹³ *Id.* at 75.

¹⁴ *Id.* at 4.

¹⁵ *Id.* at 75.

¹⁶ *Id.*

¹⁷ *Id.*

drivers of profitability. For that reason, “manufacturing takes place at major locations in the dominant automotive markets, namely Europe, the USA and China.”¹⁸

19. **Defendant Continental Tire the Americas, LLC** (“Continental U.S.”) is a limited liability company incorporated under the laws of Ohio, with its principal place of business at 1830 MacMillian Park Drive, Fort Mill, SC 29707. Continental U.S. “manufactures and distributes a complete premium line of passenger, light truck and commercial tires for original equipment and replacement markets.”¹⁹ Continental U.S. sells its tires through “independent tire dealers, car dealers, and mass retail companies across North America.”²⁰ Continental U.S. has manufacturing facilities in Barnesville, Georgia (tire cord, textile), Mt. Vernon, Illinois (passenger/light truck/commercial truck tires), Sumter, South Carolina (passenger/light truck tires), and Jackson, Missouri (commercial truck tires).²¹

20. Continental U.S.’s headquarters in Fort Mill, SC is the “operational hub for business in the region and oversees all tire product lines including passenger, light truck, commercial, two wheel and specialty tires.”²² The facility has over 500 employees and includes teams for engineering and technology, sales and marketing, and “central functions.”²³

21. Continental U.S.’s Sumter Plant is “a tire manufacturing facility [that] produces high-quality, premium lines of passenger and light truck tires for original equipment and

¹⁸ *Id.* at 28.

¹⁹ U.S. Tire Manufactures Association, *Members - Continental*, <https://www.ustires.org/continental-tire-americas-llc> (last accessed Feb. 12, 2024).

²⁰ *Id.*

²¹ *Id.*

²² Continental, *Fort Mill, SC*, <https://www.continental.com/en-us/career/our-locations/fort-mill/> (last accessed Feb. 12, 2024).

²³ *Id.*

replacement markets.”²⁴ It has a “State of the Art manufacturing facility with a growing team of more than 1200 employees”²⁵

2. Michelin

22. **Defendant Compagnie Générale des Établissements Michelin (“CGEM”)** is organized under the laws of France with its principal place of business at 23 place des Carmes-Déchaux, 63000 Clermont-Ferrand, France. CGEM is the Michelin Group’s parent company, which directly or indirectly owns all of its subsidiaries.²⁶ CGEM’s two main subsidiaries are Manufacture Française des Pneumatiques Michelin (“MFPM”), a wholly-owned subsidiary that coordinates all of the Group’s manufacturing, sales and research operations in France and Compagnie Financière Michelin (“CFM”), a wholly-owned subsidiary that owns most of the Group’s manufacturing, sales and research companies outside of France and coordinates their operations.

23. **Defendant Michelin North America, Inc.** is a corporation organized under the laws of the State of New York with its principal place of business at One Parkway South, Greenville, SC 29615-5022. Michelin designs, manufactures, and sells tires for every type of vehicle, including airplanes, automobiles, bicycles, earthmovers, farm equipment, heavy-duty trucks, and motorcycles.²⁷ Michelin is one of the leading manufacturers of tires in the United States.²⁸ In 2022, Michelin had €10.92 billion in sales in North America, 80% of which were

²⁴ Continental, *Sumter, SC*, <https://www.continental.com/en-us/career/our-locations/sumter/> (last accessed Feb. 12, 2024).

²⁵ *Id.*

²⁶ Michelin, 2022 Universal Registration Document, at 403 (Apr. 11, 2023), available at <https://www.michelin.com/en/finance/regulated-information/annual-report/>.

²⁷ U.S. Tire Manufacturers Association, *Members – Michelin*, <https://www.ustires.org/michelin-north-america-inc> (last accessed Feb. 12, 2024).

²⁸ *See supra* note 26, at 14.

generated in the United States.²⁹ Michelin employs 23,000 people across 34 plants in the United States and Canada.³⁰ Michelin has manufacturing facilities in, *inter alia*, Alabama (light trucks and passenger tires), Indiana (car tires), Oklahoma (passenger tires), and South Carolina (passenger tires and truck and bus tires).

3. Nokian Tyres

24. **Defendant Nokian Tyres plc** is organized under the laws of Finland with its principal place of business at Pirkkalaistie 7, P.O. Box 20, 37101 Nokia, Finland. Nokian Tyres plc is the parent company of the Nokian Tyres Group, which includes subsidiaries worldwide. Nokian Tyres plc develops and manufactures tires for passenger cars, trucks, and heavy machinery. In 2019, the company's net sales were \$1.8 billion, and it employed some 4,700 people.

25. **Defendant Nokian Tyres Inc.** is a corporation organized under the laws of the State of Delaware. It is a fully owned subsidiary of Nokian Tyres U.S. Holdings Inc., and an indirect subsidiary of Nokian Tyres plc. In December of 2018, Nokia Tyres announced its new headquarters located at 501 Union Street in Nashville, Tennessee, which would house Nokia Tyres' Vice President, along with members of the company's sales, customer service, IT, logistics, finance, and marketing teams.³¹ In 2017, Nokian Tyres announced it had opened a \$360 million manufacturing facility located at 520 Nokian Tyres Dr., Dayton, TN.³² The manufacturing facility

²⁹ See *supra* note 26, at 64.

³⁰ Michelin North America Fact Sheet 2023, https://michelinmedia.com/site/user/files/1/MNA-Fact-Sheet-2023_2.pdf (last accessed Feb. 12, 2024).

³¹ Stock Exchange Release, *Nokian Tyres Appoints Mr. Mark Earl to Lead the Americas Business Area as of May 1, 2018*, Nokian Tyres (Mar. 16, 2018), <https://www.nokiantyres.com/company/news-article/nokian-tyres-appoints-mr-mark-earl-to-lead-the-americas-business-area-as-of-may-1-2018/>; Company News, *Nokian Tyres Thriving in New Nashville Headquarters*, Nokian Tyres (Dec. 12, 2018), <https://www.nokiantires.com/company/news-article/nokian-tyres-thriving-in-new-nashville-headquarters/#:~:text=NASHVILLE%2C%20Tenn.,%2C%20open%2Dconcept%20work%20environment.>

³² Associated Press, *Nokian Tyres opens \$360M tire factory in Tennessee*, THE JOURNAL RECORD (Oct. 3, 2019), <https://journalrecord.com/2019/10/nokian-tyres-opens-360m-tire-factory-in-tennessee/>.

produces car and light truck all-season tires and all-weather tires for consumers in the United States and Canada.

26. **Defendant Nokian Tyres U.S. Operations LLC** is a limited liability company organized under the laws of the State of Tennessee. It is a fully owned subsidiary of Nokian Tyres U.S. Holdings Inc., and an indirect subsidiary of Nokian Tyres plc.

4. Goodyear

27. **Defendant The Goodyear Tire & Rubber Company** is a corporation organized under the laws of the State of Ohio with its principal place of business at 200 Innovation Way, Akron, Ohio. Goodyear is one of the world's leading tire companies, with one of the most recognizable brand names. It develops, manufactures, markets, and distributes tires for most applications and manufactures and markets rubber-related chemicals for various uses.³³ Through its worldwide network of aligned dealers and wholesale distributors and its own retail outlets and commercial truck centers, Goodyear offers its products for sale to consumer and commercial customers, along with repair and other services.³⁴ Goodyear manufactures its products in 57 facilities in 23 countries and has operations in most regions of the world.³⁵ Goodyear manufactures and sells under the Goodyear, Cooper, Dunlop, Kelly, Debica, Sava, Fulda, Mastercraft, and Roadmaster brands.³⁶ Approximately 86% of Goodyear's sales in 2022, 85% in 2021 and 84% in 2020 were for tire units.³⁷ The principal channel for the sale of Goodyear and Cooper brand tires in Americas is a large network of independent dealers. Goodyear, Cooper, Dunlop, Kelly, and

³³ The Goodyear Tire & Rubber Company 2022 Annual Report, <https://corporate.goodyear.com/content/dam/goodyear-corp/documents/annualreports/2022%20Annual%20Report.pdf> (last accessed Feb. 12, 2024).

³⁴ *Id.*

³⁵ *Id.*

³⁶ The Goodyear Tire & Rubber Company, Annual Report at 2 (Form 10-K) (Feb. 13, 2023), <https://goodyear.gcs-web.com/static-files/7ebb1867-1e25-49d8-98a1-b60e30bb1296>.

³⁷ *Id.*

Mastercraft brand tires are also sold to numerous national and regional retailers, in Goodyear Company-owned stores in the United States, and through the wholesale channel, including through TireHub, LLC, Goodyear's national wholesale tire distributor in the United States, and a network of aligned U.S. regional wholesale tire distributors.³⁸

5. **Pirelli**

28. **Defendant Pirelli & C. S.p.A.** is organized under the laws of Italy with its principal place of business at Via Bicocca degli Arcimboldi, 3, 20126 Milano MI, Italy. Pirelli designs, manufactures, and distributes tires for cars, motorcycles, and bicycles. Pirelli has a commercial presence in over 160 countries and 19 manufacturing sites in 12 countries.³⁹

29. **Defendant Pirelli Tire LLC** is a foreign limited liability company organized under the laws of Delaware with its principal place of business located at 100 Pirelli Drive, Rome, GA. Pirelli Tire LLC includes the Modular Integrated Robotized System ("MIRS") facility and research and development center at its Rome, Georgia headquarters, a state-of-the-art manufacturing plant in Silao, Mexico, sales and marketing offices in New York City, Los Angeles, Detroit, Montreal and Atlanta, and a prestige flagship store in Los Angeles. The company manufactures, distributes, and markets original equipment and replacement tires for export and domestic car/motorcycle applications.⁴⁰

6. **Bridgestone**

30. **Defendant Bridgestone Corporation** is organized under the laws of Japan with its principal place of business at 1-1, Kyobashi 3-chome, Chuo-ku, Tokyo 104-8340. Bridgestone

³⁸ *Id.* at 3.

³⁹ U.S. Tire Manufacturers Association, *Members – Pirelli*, <https://www.ustires.org/pirelli-tire-llc> (last accessed Feb. 12, 2024).

⁴⁰ *Id.*

Corporation is the parent corporation of the Bridgestone Group (the “Group”), which refers to all group companies, including Bridgestone Americas (“BSAM”), Bridgestone China, Asia Pacific (“BSCAP”), Bridgestone Europe, Russia, Middle East, India, and Africa (“BSEMIA”), and Bridgestone Japan (“BSJP”).⁴¹ Bridgestone Corporation is the world’s largest tire and rubber company.⁴²

31. **Defendant Bridgestone Americas, Inc. (“BSAM”)** is incorporated under the laws of Nevada with its principal place of business at 200 4th Ave, Suite 100, Nashville, Tennessee. BSAM and its subsidiaries develop, manufacture, and market a wide range of Bridgestone, Firestone, and associate brand tires to address the needs of a broad range of customers, including consumers, automotive and commercial vehicle original equipment manufacturers, and those in the agricultural, forestry, and mining industries.⁴³ BSAM has U.S. manufacturing facilities in the state of Ohio, as well as Arkansas, Georgia, Iowa, Illinois, North Carolina, South Carolina, Tennessee, and Texas.⁴⁴

32. **Doe Defendants 1-100** are other individuals or entities who engaged in or abetted the unlawful conduct by Defendants set forth in this Complaint. Plaintiff may amend this Complaint to allege the names of additional Defendants as they are discovered.

C. Agents and Co-Conspirators

33. The anticompetitive and unlawful acts alleged against the Defendants in this Complaint were authorized, ordered, or performed by Defendants’ respective officers, agents,

⁴¹ Bridgestone 3.0 Journey, 2023 Integrated Report at 3, https://www.bridgestone.com/ir/library/integrated_report/pdf/2023/ir2023_single.pdf (last accessed Feb. 12, 2024).

⁴² U.S. Tire Manufacturers Association, *Members – Bridgestone*, <https://www.ustires.org/bridgestone-americas-inc> (last accessed Feb. 12, 2024).

⁴³ *Id.*

⁴⁴ *Id.*

employees, or representatives, while actively engaged in the management, direction, or control of Defendants' businesses or affairs.

34. Each corporate Defendant's agents operated under the authority and apparent authority of its respective principals.

35. Each corporate Defendant, through its respective subsidiaries, affiliates, and agents, operated as a single unified entity.

36. Various persons and/or firms not named as Defendants herein may have participated as co-conspirators in the violations alleged herein and may have performed acts and made statements in furtherance thereof.

37. Each Defendant acted as the principal or agent of, or for, other Defendants with respect to the acts, violations, and common course of conduct alleged herein.

38. When Plaintiff refers to a corporate family or companies by a single name in their allegations of participation in the conspiracy, it is to be understood that Plaintiff is alleging that one or more employee or agent of entities within the corporate family engaged in conspiratorial acts or meetings on behalf of all of the Defendant companies within that family.

39. Furthermore, to the extent that subsidiaries within corporate families distributed the Tire products discussed in this Complaint, these subsidiaries played a significant role in the conspiracy because Defendants wished to ensure that the prices paid for such products would not undercut their pricing agreements. Thus, all Defendants' entities within the corporate families were active, knowing participants in the conspiracy to maintain supracompetitive prices.

FACTUAL ALLEGATIONS

A. Tire Market

40. Tires are a critical component of the U.S. automobile industry. In 2022, nearly 9.2 million passenger and commercial vehicles were manufactured and almost 14 million vehicles were sold in the United States. Almost all of these vehicles require tires.

41. Manufactured tires can either be used in new cars (“Original Equipment Tires” or “OE” tires) or produced as replacement tires (“Replacement Tires” or as referred to herein, “Tires”). OE tires are specified by the vehicle manufacturer and fitted to a new vehicle during the manufacturing process. The manufacturer works with tire companies to choose a tire based on characteristics of ride noise, handling, longevity, and fuel efficiency, among other attributes.

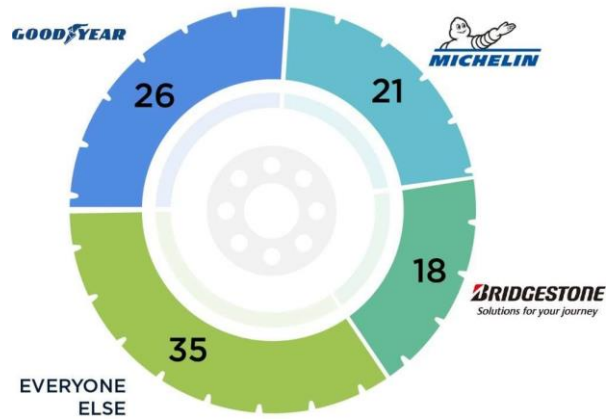
42. Replacement Tires, in contrast, are selected by individual consumers to replace the current tires (OE or Replacement Tires) on their vehicles.

43. The Replacement Tire market alone is worth billions, sized at approximately \$61 billion in 2022.⁴⁵

B. Defendants’ Participation in the Tire Market

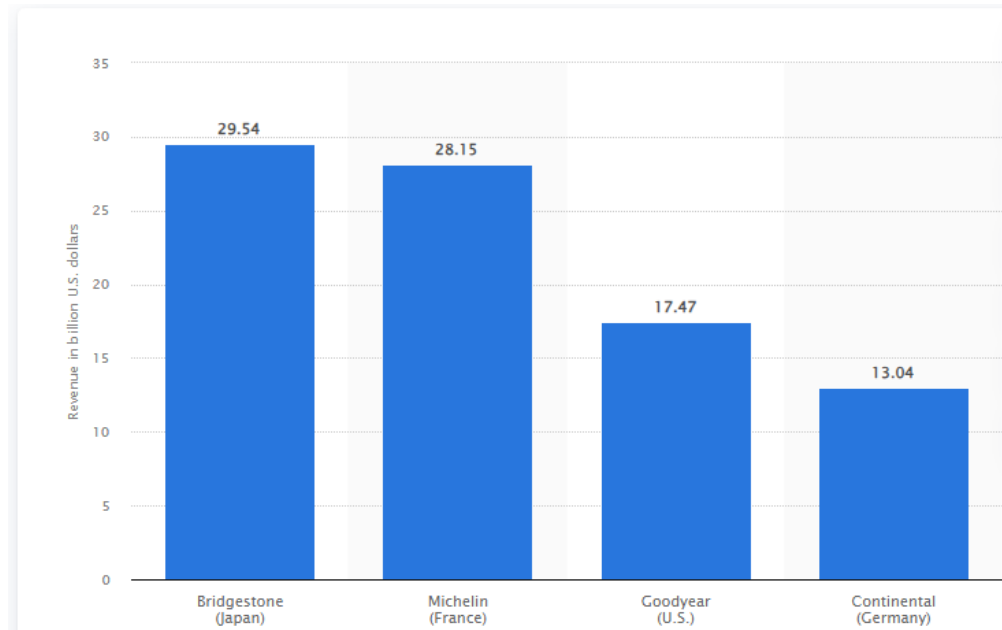
44. Three of the Defendants control the majority of the U.S. Tire market: in 2022, Defendants Bridgestone, Michelin, and Goodyear made up almost 64% of the entire Replacement Tire market. These three Defendants also encompass subsidiary brands: (i) Goodyear: Goodyear, Cooper Tires, Dunlop, and Kelly, (ii) Michelin: Michelin, BF Goodrich, and Uniroyal, and (iii) Bridgestone: Bridgestone, Firestone, and Fuzion. These same Defendants have controlled the market for years. The remaining 36% of the market includes manufacturers such as Continental and Nokian.

⁴⁵ See Martin Placek, *supra* note 4.

Figure 1⁴⁶**Tire Market Share**

45. Defendant Bridgestone is the world's largest tire and rubber company, with about 130 manufacturing plants and R&D facilities in 25 countries. It sells products in more than 150 countries worldwide. In 2021, Bridgestone reported a tire related revenue of more than 29 billion U.S. dollars.

⁴⁶ Traqline, *The 'Goliaths' of the Replacement Tire Industry Are Getting Bigger. How Can The 'Davids' Compete?* (Feb. 14, 2022) <https://www.traqline.com/newsroom/blog/the-goliaths-of-the-replacement-tire-industry-are-getting-bigger-how-can-the-davids-compete/>.

Figure 2⁴⁷**The World's Largest Tire Producers Tire Related Revenue in FY 2021**
(in billion U.S. dollars)

46. The other Defendants boast similar market presences. Michelin has nine R&D centers around the world, 123 production sites in 26 countries, a commercial presence in 170 countries and 125,000 employees worldwide. It does business on every continent. Goodyear employs about 72,000 people and manufactures its products in 57 facilities in 23 countries around the world. Pirelli has 18 factories located in 12 countries, production capacity in 2022 of 74 million car tires, and points of sale in over 160 countries (around 20,000 in 2022). Continental employs almost 200,000 people at 519 locations for production, research, and development, and is present in 57 countries and markets. It has 917 company-owned tire outlets and a total of around 5,228 franchises and operations with a Continental brand presence.

⁴⁷ *The World's Largest Tire Producers in FY 2021, Based on Tire-Related Revenue*, Statista. <https://www.statista.com/statistics/225677/revenue-of-the-leading-tire-producers-worldwide/> (last visited on Feb. 20, 2024)

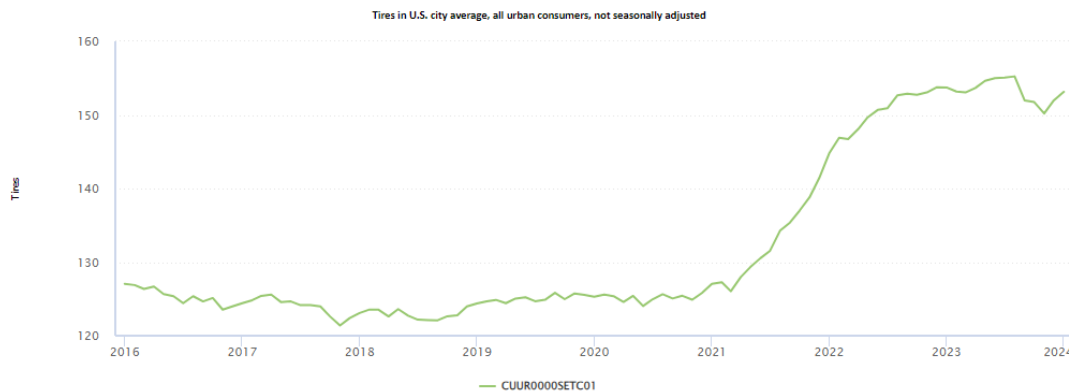
47. This type of market concentration, with a small group of competitors controlling the vast majority of the market, renders a market more susceptible to collusion. It is easier to coordinate and agree on prices, ensure the conspiracy remains concealed, and to police adherence to the conspiracy by identifying and punishing defectors when there are fewer participants.⁴⁸

48. Unsurprisingly, the Tires cartel was able to dramatically increase prices in lockstep.

C. Tire Prices in the United States Increased Dramatically During the Relevant Period

49. The price level of Tires was stable for years before the relevant period, changing only by small amounts slowly. Over the last four years, however, the prices of Tires have dramatically increased. See Figure 3. Between 2022 and 2023, tire manufacturers announced price increases ranging between 5 to 10%.⁴⁹ The average price of tires rose 21.4% between 2021 and 2023, more than 70% higher than core inflation.⁵⁰

Figure 3⁵¹



⁴⁸ See George A. Hay, *Oligopoly, Shared Monopoly, and Antitrust Law*, 67 Cornell L. Rev. 439, 444 (1982).

⁴⁹ *Understanding Tire Price Increases: Insights From Major Manufacturers*, GIGA TIRES (Nov. 30, 2023), <https://www.giga-tires.com/blog/understanding-tire-price-increases/>.

⁵⁰ See Michael Grabell, *supra* note 8.

⁵¹ Tires in U.S. City Average, All Urban Consumers, Not Seasonally Adjusted, BLS Beta Labs (Data extracted Feb. 23, 2024), <https://beta.bls.gov/dataViewer/view/timeseries/CUUR0000SETC01;jsessionid=88806A13CE0B3F781B2E4348C81D801F>.

50. These price increases are driven by Defendants' lockstep prices increases. As summarized in *Figure 4*, Defendants Michelin, Goodyear, Bridgestone, and Pirelli increased their prices for passenger and light truck Replacement Tires between about 5 and 10% on or about the same dates. As explained in more detail below, Continental also increased its prices for passenger and light truck replacement tires by undisclosed amounts and Nokian increased its prices in 2021, 2022, and 2023.

Figure 4

Defendant	Effective Date	Price Increase
Bridgestone	November 1, 2020	Up to 8%
Goodyear	December 1, 2020	Up to 5%
Bridgestone	January 1, 2021	Undisclosed
Pirelli	January 1, 2021	Undisclosed
Michelin	February 1, 2021	Up to 5%
Continental	March 1, 2021	Undisclosed
Michelin	April 1, 2021	Up to 8%
Goodyear	April 1, 2021	Up to 8%
Pirelli	April 15, 2021	Up to 7%
Bridgestone	May 1, 2021	Up to 8%
Goodyear	June 1, 2021	Up to 8%
Michelin	July 1, 2021	Up to 6%
Continental	July 1, 2021	Undisclosed
Pirelli	July 1, 2021	Up to 6%
Goodyear	September 1, 2021	Up to 8%
Michelin	September 1, 2021	Up to 14%
Continental	October 1, 2021	Undisclosed
Pirelli	October 1, 2021	Up to 8%
Michelin	January 1, 2022	Up to 12%
Goodyear	January 1, 2022	Up to 12%
Continental	January 3, 2022	Undisclosed
Pirelli	January 17, 2022	Up to 10%
Continental	April 1, 2022	Undisclosed
Michelin	April 1, 2022	Up to 5%
Bridgestone	April 1, 2022	Up to 10%
Pirelli	April 11, 2022	Up to 10%
Continental	June 1, 2022	Undisclosed
Michelin	June 1, 2022	5-12%
Pirelli	June 15, 2022	Up to 10%
Goodyear	July 1, 2022	Up to 10%
Bridgestone	July 1, 2022	Up to 10%
Bridgestone	October 1, 2022	Up to 9%
Michelin	January 1, 2023	Up to 9%
Bridgestone	January 1, 2023	Undisclosed
Pirelli	January 15, 2023	Up to 10%

51. Effective on November 1, 2020, Firestone increased prices on all Firestone truck and bus radial tires. The average increase was 5% with some tire prices increasing up to 8%.⁵²

52. Effective on December 1, 2020, Goodyear increased prices on Goodyear and Dunlop brand consumer tires in the U.S. by up to 5%.⁵³

53. Effective on January 1, 2021, Firestone increased prices for select Bridgestone and Firestone passenger and light truck replacement tires sold in the U.S. and Canada.⁵⁴ Pirelli also raised prices on its passenger and light truck tires sold in the United States. Pirelli said the increases are “due to changing market conditions.”⁵⁵

54. Effective February 1, 2021, Michelin increased prices on select Michelin and BFGoodrich brand passenger and light truck tires, as well as on select commercial truck tires, up to 5% “due to changing business dynamics of the U.S. market.”⁵⁶ This round of price increase complemented the earlier price increase on Uniroyal brand passenger and light truck products that went into effect in November 2020.⁵⁷

⁵² Tire Review Staff, *Firestone TBR Tires Will Get Price Increase Nov. 1*, TIRE REVIEW (Oct. 1, 2020), <https://www.tirereview.com/firestone-tbr-tires-will-get-price-increase-nov-1/>.

⁵³ *Goodyear Consumer Tire Prices Are on Their Way Up*, MODERN TIRE DEALER (Nov. 13, 2020), <https://www.moderntiredealer.com/topics/industry-news/article/11475914/goodyear-consumer-tire-prices-are-on-their-way-up-2020-11-13>.

⁵⁴ Tire Review Staff, *Bridgestone to Increase Prices on PLT Replacement Tires*, TIRE REVIEW (Dec. 2, 2020), <https://www.tirereview.com/bridgestone-increase-prices-plt-replacement-tires/>.

⁵⁵ Tire Review Staff, *Pirelli Announces Price Increase on Car, Light Truck Tires*, TIRE REVIEW (Dec. 3, 2020), <https://www.tirereview.com/pirelli-announces-price-increase-on-car-light-truck-tires/>.

⁵⁶ *Michelin Will Raise Consumer, Commercial Prices on Feb. 1*, MODERN TIRE DEALER (Dec. 19, 2020), <https://www.moderntiredealer.com/topic-category/topics/article/11475158/michelin-will-raise-consumer-commercial-prices-on-feb-1-2020-12-19>.

⁵⁷ Tire Review Staff, *Michelin to Raise Prices on PLT, Commercial Tires in Feb.*, TIRE REVIEW (Dec. 22, 2020), <https://www.tirereview.com/michelin-price-increase-plt-commercial-tires/>.

55. Effective March 1, 2021, Continental increased prices on select passenger and light truck tires in the U.S. within the Continental and general brands by an undisclosed amount.⁵⁸

56. Effective April 1, 2021, Michelin and Goodyear both increased prices on tires. Michelin increased prices on Michelin, BFGoodrich, and Uniroyal passenger and light truck tires up to 8%, citing “changing business dynamics and rising costs of raw materials.”⁵⁹ Goodyear raised prices of its Goodyear, Dunlop, and Kelly-brand consumer tires by up to 8%.⁶⁰

57. Effective April 15, 2021, Pirelli increased prices on passenger and light truck tires in the United States up to 7%, citing “higher price of raw materials and changing market conditions.”⁶¹

58. Effective May 1, 2021, Bridgestone increased prices on select Bridgestone and Firestone brand passenger and light truck tires up to 8% in the United States and Canada due to “increased business costs and other market dynamics.”⁶²

⁵⁸ *Continental Plans Price Hike on PLT Tires*, MODERN TIRE DEALER (Jan. 6, 2021), <https://www.moderntiredealer.com/topics/industry-news/article/11474953/continental-plansprice-hike-on-plt-tires-2021-01-06>.

⁵⁹ *Michelin Will Raise Consumer Tire Prices on April 1*, MODERN TIRE DEALER (Mar. 1, 2021), <https://www.moderntiredealer.com/topic-category/topics/article/11473824/michelin-will-raiseconsumer-tire-prices-on-april-1-2021-03-01>.

⁶⁰ *Goodyear to Increase Consumer Tire Prices*, MODERN TIRE DEALER (Mar. 3, 2021), <https://www.moderntiredealer.com/topics/industry-news/article/11473768/goodyear-to-increase-consumer-tire-prices-2021-03-03>.

⁶¹ *Pirelli Will Raise Prices in U.S. on April 15*, MODERN TIRE DEALER (Mar. 9, 2021), <https://www.moderntiredealer.com/topic-category/topics/article/11473594/pirelli-will-raiseprices-in-us-on-april-15-2021-03-09>.

⁶² *Bridgestone to Raise Consumer Tire Prices on May 1*, MODERN TIRE DEALER (Mar. 24, 2021), <https://www.moderntiredealer.com/site-placement/featuredstories/article/11473222/bridgestone-to-raise-consumer-tire-prices-on-may-1-2021-03-24>.

59. Effective June 1, 2021, Goodyear increased prices on Goodyear, Dunlop, and Kelly consumer tires by up to 8%. Goodyear pointed to “changing market dynamics in the industry and [a] reflect[ion of] the strong value of the Goodyear brands.”⁶³

60. Effective July 1, 2021, Michelin, Continental, and Pirelli all implemented price increases. Michelin increased prices on certain aftermarket Michelin, BFGoodrich, and Uniroyal passenger and light truck tires by up to 6%. Continental increased prices on certain Continental and general brand passenger and light truck tires by an undisclosed amount.⁶⁴ Pirelli increased prices of passenger and light truck tires by up to 6%, purportedly because of higher price of raw materials and changing market conditions.⁶⁵

61. Effective September 1, 2021, Michelin and Goodyear implemented price increases on consumer tires. Michelin increased prices on certain aftermarket Michelin, BFGoodrich, and Uniroyal passenger and light truck tires by up to 14%.⁶⁶ Goodyear increased prices on Goodyear and Cooper passenger and light truck tires by up to 8%.⁶⁷

62. Effective October 1, 2021, Continental and Pirelli further increased prices on tires. Continental increased prices on some Continental and general passenger and light truck tires by

⁶³ *Goodyear Plans Another Consumer Tire Price Hike*, MODERN TIRE DEALER (May 3, 2021), <https://www.moderntiredealer.com/topics/industry-news/article/11472039/goodyear-plansanother-consumer-tire-price-hike>.

⁶⁴ *Continental Will Raise Consumer Tire Prices in July*, MODERN TIRE DEALER (May 5, 2021), <https://www.moderntiredealer.com/topic-category/topics/article/11471940/continental-willraise-consumer-tire-prices-in-july-1-2021-05-05>.

⁶⁵ *Pirelli Plans Another Price Hike*, MODERN TIRE DEALER (May 18, 2021), <https://www.moderntiredealer.com/topics/industry-news/article/11471596/pirelli-plansanother-price-hike>.

⁶⁶ Stephen Goodchild, *Michelin announces North America price increases*, I&A TYREPRESS (Aug. 3, 2021), <https://www.tyrepess.com/2021/08/michelin-announces-north-america-price-increases/>.

⁶⁷ Ratchet+Wrench Staff Reporters, *Goodyear and Cooper Consumer Tire Prices Are Going Up*, RATCHET+WRENCH (Aug. 10, 2021), <https://www.ratchetandwrench.com/topics/news/article/11463860/goodyear-and-cooper-consumer-tire-prices-are-going-up-modern-tire-dealer>.

an undisclosed amount.⁶⁸ Pirelli increased prices on car and light truck tires by up to 8%, citing higher prices of raw materials and changing market conditions.⁶⁹

63. On November 3, 2021, Nokian announced “further price increases in a wide range of markets and products” and announced a 27% increase in net sales and 43% rise in operating profit in its quarterly earnings report.⁷⁰ Nokian’s financial statements confirm that it also increased prices in 2022 and 2023.

64. Effective January 1, 2022, Defendant Michelin implemented price increases up to 12% on select Michelin, BFGoodrich, and Uniroyal passenger and light truck Replacement Tires.⁷¹ Similarly, Goodyear raised its prices on consumer tires by up to 12%.⁷²

65. Effective January 3, 2022, Continental increased prices on select Continental and general passenger and light truck tires by an undisclosed amount.⁷³

66. Effective January 17, 2022, Pirelli increased its prices for car and light truck tires by up to 10%.⁷⁴

67. Effective April 1, 2022, Defendant Continental, Michelin, and Bridgestone increased tire prices. Continental increased its price on select Continental and general passenger

⁶⁸ Danielle Hess, *Continental Tire Announces Price Increase*, TIRE REVIEW (Aug. 30, 2021), <https://www.tirereview.com/continental-tire-announces-price-increase/>.

⁶⁹ The Business Report, *Pirelli Raising Prices for Fourth Time in 2021*, RUBBER NEWS (Aug. 31, 2021), <https://www.rubbernews.com/tire/pirelli-raising-us-tire-prices-oct-1>.

⁷⁰ Reuters, *Nokian Tyres Beats Profit Expectations After Raising Prices*, ECONOMIC TIMES (Nov. 3, 2021), <https://auto.economictimes.indiatimes.com/news/tyres/nokian-tyres-beats-profit-expectations-after-raising-prices/87504195>.

⁷¹ *Michelin Implements Price Increase Across Passenger Brands and Commercial Offers in North American Market*, Michelin (Dec. 1, 2021), <https://michelinmedia.com/pages/blog/detail/article/c/a1139/>.

⁷² *Goodyear to Raise North America Tire Prices July 1*, TIRE BUSINESS (Jun. 15, 2022), <https://www.tirebusiness.com/news/goodyear-raise-north-america-tire-prices-july-1>.

⁷³ Madeleine Winer, *Continental Tire Announces Price Increase*, TIRE REVIEW (Nov. 9, 2021), <https://www.tirereview.com/continental-tire-announces-price-increase-2/>.

⁷⁴ Danielle Hess, *Pirelli Announces Price Increases for Car, Light Truck Tires*, TIRE REVIEW (Jan. 3, 2022), <https://www.tirereview.com/pirelli-price-increases/>.

and light trucks.⁷⁵ Michelin increased prices by 5% on the majority of select passenger and light truck Replacement Tires.⁷⁶ Bridgestone increased prices by up to 10% on non-winter Bridgestone, Firestone, and Fuzion passenger and light truck Replacement Tires.⁷⁷

68. Effective April 11, 2022, Pirelli increased its prices by up to 10%.⁷⁸

69. Effective June 1, 2022, Defendants Continental and Michelin each increased prices on tires. Continental increased its prices on Continental- and general-branded passenger and light truck tires by an undisclosed amount.⁷⁹ Michelin increased prices on the majority of its passenger and light truck Replacement Tires ranging from 5-12%.⁸⁰

70. Effective June 15, 2022, Pirelli increased its prices for car and light truck tires by up to 10%.⁸¹

71. Effective July 1, 2022, Goodyear and Bridgestone each increased prices by up to 10% on consumer tires.⁸²

⁷⁵ Christian Hinton, *Continental Tire Announces Price Increase*, TIRE REVIEW (Mar. 1, 2022), <https://www.tirereview.com/continental-tire-announces-price-increase-3/>.

⁷⁶ Michelin, *Michelin Implements Price Increase Across Passenger Brands and Commercial Offers in North American Market* (Mar. 1, 2022), <https://michelinmedia.com/pages/blog/detail/article/c/a1155/#:~:text=Tread%20rubber%20and%20associated%20supplies,2%2C%202022.>

⁷⁷ Christian Hinton, *Bridgestone Price Increase for Consumer Replacement Tires*, TIRE REVIEW (Mar. 2, 2022), <https://www.tirereview.com/bridgestone-price-increase-2/>.

⁷⁸ Christian Hinton, *Pirelli Increases Price for Car and Light Truck Tires*, TIRE REVIEW (Mar. 23, 2022), <https://www.tirereview.com/pirelli-increases-price-for-tires/>.

⁷⁹ *Conti to Raise U.S. Tire Prices Again*, TIRE BUSINESS (Apr. 19, 2022), <https://www.tirebusiness.com/news/conti-raise-us-tire-prices-june-1.>

⁸⁰ Christian Hinton, *Michelin to Implement Price Increases*, TIRE REVIEW (May 11, 2022), <https://www.tirereview.com/michelin-price-increase/>.

⁸¹ Brian Coote, *Pirelli to Increase Prices on U.S. PLT Tires*, TIRE REVIEW (May 17, 2022), <https://www.tirereview.com/pirelli-increase-prices-plt-tires/>.

⁸² Brian Coote, *Bridgestone to Increase Consumer Tire Prices in U.S., Canada*, TIRE REVIEW (Jun. 6, 2022), <https://www.tirereview.com/bridgestone-increase-prices/>; see *supra* note 72.

72. Effective October 1, 2022, Bridgestone again increased its prices on Bridgestone, Firestone, and Fuzion passenger and light truck tires by up to 9%.⁸³

73. Effective January 1, 2023, Michelin and Bridgestone each increased their tire prices. Michelin increased prices on select passenger and light trucks tires by up to 9%.⁸⁴ Bridgestone increased its prices on passenger and light truck Replacement Tires by an undisclosed amount.⁸⁵

74. Effective January 15, 2023, Pirelli increased its prices for car and light truck tires by up to 10%.⁸⁶

D. There is No Explanation for Defendants' Parallel Price Increases Other than Collusion

75. Defendants repeatedly claimed that their price increases were due to increased input costs. That purported justification was pretextual and could not fully account for the significant increases in prices over the Class Period.

76. Rubber is the main material used in tires. The price of rubber fell more than 16% in 2021 and fell a further 22% in 2022.⁸⁷ Despite the decrease of raw material costs, Defendants continued to increase prices in a parallel fashion during 2021 and 2022, as detailed above.

77. In a normal market, when the cost to manufacture a good increases, it is common for some of those costs to be passed on to customers in the form of higher prices. In a competitive

⁸³ Christian Hinton, *Bridgestone Announces Price Increase up to 15% on Select Tires*, TIRE REVIEW (Sept. 8, 2022), <https://www.tirereview.com/bridgestone-price-increase-3/>.

⁸⁴ Samuel Grom, *Michelin Introduces Price Increases in Canada, U.S.*, TIRE REVIEW (Dec. 13, 2022), <https://www.tirereview.com/michelin-price-increases/>.

⁸⁵ Samuel Grom, *Bridgestone Americas Increases Replacement Tire Prices*, TIRE REVIEW (Dec. 13, 2022), <https://www.tirereview.com/bridgestone-americas-increased-prices/>.

⁸⁶ *Pirelli Plans January Price Hike*, MODERN TIRE DEALER (Dec. 2, 2022), <https://www.moderntiredealer.com/retail/article/11460891/pirelli-plans-january-price-hike>.

⁸⁷ Singapore Commodity Exchange, *Rubber Price, Index Mundi* (As of Mar. 1, 2024), <https://www.indexmundi.com/commodities/?commodity=rubber&months=60>.

market, a manufacturer typically cannot pass on to the customer all these costs because if prices increase too much, customers will turn to rival competitors or stop buying altogether. However, Defendants' acknowledge that their price increases are disproportionate to their increased costs. For example, in its Q1 2022 earnings call on May 6, 2022, Goodyear's Chief Financial Officer told investors "[Goodyear's] increase in the replacement tire prices more than offset [its] costs."⁸⁸

78. Sales volume also did not decrease despite price increases, as would be expected in a competitive market where competitors would seize the opportunity to gain market share by offering more favorable pricing. For example, Continental's sales volume rose by 19.3% in 2022. Continental's 2022 annual report states "agreements reached with customers on price adjustments and to offset inflation-related effects had a positive impact on the sales performance of the Automotive group sector."⁸⁹ One industry source noted that "[i]t goes without saying that 2021 and 2022 were unusually strong years" and that "the medium truck tire category [] grew by more than 20%" between 2021 and 2022.⁹⁰ Defendants' ability to reliably increase prices and volume at the same time provides strong circumstantial evidence of their conspiracy.

79. Indeed, Defendants profited from these price increases and used that profit to expand. Goodyear, for example, reported that its net sales in 2022 were \$5,645 million, a \$402 million or 7.7% increase from 2021.⁹¹ In 2023, "Bridgestone Americas Inc. and Michelin North

⁸⁸ The Goodyear Tire & Rubber Company (GT) Q1 2022 Earnings Call Transcript, ALPHASTREET (May 6, 2022), <https://news.alphastreet.com/the-goodyear-tire-rubber-company-gt-q1-2022-earnings-call-transcript/>.

⁸⁹ See Continental 2022 Annual Report, *supra* note 12, at 73.

⁹⁰ Mike Manges, *The Tire Industry is Returning to Pre-Pandemic Levels*, MODERN TIRE DEALER (Sept. 18, 2023), <https://www.moderntiredealer.com/retail/article/33010538/when-down-is-up-the-tire-industry-in-2023>.

⁹¹ The Goodyear Tire & Rubber Company 2022 Annual Report, *supra* note 33 at 14..

America Inc. announced a total of \$610 million in multi-year, capital investments across several plants” and Nokian announced its plan to double its annual production capacity in Tennessee.⁹²

80. These increases in volume and profits during the relevant period demonstrate that Defendants’ explanations for their price increases were pretextual. Defendants’ coordinated price increases can only be explain by the existence of a conspiracy to fix prices.

E. Plus Factors Corroborate Defendants’ Conspiracy to Fix Tire Prices

81. Plus factors are “economic actions and outcomes, above and beyond parallel conduct by oligopolistic firms, that are largely inconsistent with unilateral conduct but largely consistent with explicitly coordinated action,” and support an inference of a conspiracy.⁹³

82. In addition to the EC investigation, and a consolidated industry susceptible to collusion, both of which are plus factors that support the existence of a conspiracy, Defendants’ unlawful agreement to fix prices of Tires is further supported by: (i) Defendants’ motive to conspire, (ii) Defendants’ opportunity to conspire, and a market characterized by (iii) high barriers to entry, (iv) price inelasticity, and (iv) interchangeable products. Defendants are also recidivist antitrust violators.

1. Defendants Had a Motive to Conspire

83. Following the onset of the COVID-19 pandemic, profit and revenue in the tire industry decreased while the costs of goods sold increased. But unilaterally raising prices risked driving market share to horizontal competitors, who could react by holding prices steady to capture market share. Defendants avoided this predicament by agreeing on coordinated price increases, as explained above.

⁹² Mike Manges, *The Tire Industry is Returning to Pre-Pandemic Levels*, MODERN TIRE DEALER (Sept. 18, 2023), <https://www.moderntiredealer.com/retail/article/33010538/when-down-is-up-the-tire-industry-in-2023>.

⁹³ William E. Kovacic, *Plus Factors and Agreement in Antitrust Law*, 110 Mich. L. Rev. 393, 393 (2011).

84. By 2023, inflation eased, supply chain logistics were substantially improving, and each Defendant had an excess of supply due to demand decreases.⁹⁴ For example, in November 2023, the President of the union at the Bridgestone Americas Inc. tire plant in Morrison, Tennessee stated that “Even with [] lower production levels, we still have huge amounts of inventory — more than our warehouse can handle. Our warehouse is full of truck and bus tires. In addition, we have 150 to 175 . . . trailers on our plant’s property that are completely full of tires.”⁹⁵

85. In a competitive market, where input costs decrease and supply is high, prices should decrease, because inflated prices would lead to a loss of market share. Yet Tire prices remain high, as described above.

2. Defendants Had Opportunities to Conspire

86. At least throughout the Class Period, Defendants had numerous opportunities to collude and fix the prices of Tires through trade association meetings and public communications.

87. Each of the Defendants is a member of the U.S. Tire Manufacturers Association (“USTMA”). The USTMA is the national trade association for tire manufacturers that produce tires in the United States.

88. Senior executives from each of the Defendants currently serve on the Board of Directors of the USTMA. The USTMA holds a number of annual conferences and meetings where Defendants had the opportunity to meet and discuss pricing. For example, the USTMA holds a

⁹⁴ Mike Manges, *supra* note 92.

⁹⁵ Joy Kopcha, *Do Tire Tiers Exist, and Are They Competitive?*, MODERN TIRE DEALER (Nov. 7, 2023), <https://www.moderntiredealer.com/suppliers/article/33014539/do-tire-tiers-exist-and-are-theycompetitive>.

spring and fall meeting for its board members annually, including on July 29, 2020,⁹⁶ October 6, 2021,⁹⁷ January 25, 2022,⁹⁸ October 6, 2022,⁹⁹ April 3-4, 2023,¹⁰⁰ and October 11, 2023.¹⁰¹

89. Discovery is likely to reveal specifics of these meetings and additional opportunities among Defendants to collude.

3. The Tires Industry Has High Barriers to Entry

90. Tire manufacturers face significant entry and exit barriers, a characteristic that leads to further market concentration.¹⁰² Barriers to entry include large up-front capital investments to establish manufacturing plants in locations capable of producing tires at scale, at a cost of hundreds of millions of dollars. For example, Defendant Nokian recently completed a manufacturing facility in Dayton, Tennessee that cost \$360 million.¹⁰³

91. Additionally, since tires are large and heavy products, shipping costs can be prohibitively expensive. Manufacturing plants therefore need to be close enough to end consumers to ship at a reasonable price. Manufacturing plants must also either have sophisticated and expensive automation or access to a large (and expensive) labor force.

⁹⁶ Henry Willis, *USTMA Makes Changes to Its Director Board*, TIRE TECHNOLOGY INTERNATIONAL (Aug. 14, 2020), <https://www.tiretechnologyinternational.com/news/business/ustma-makes-changes-to-its-director-board.html>.

⁹⁷ Kim Kleine, *U.S. Tire Manufacturers Association Names Bridgestone's Paolo Ferrari as Board Chair*, U.S. TIRE MANUFACTURERS ASSOCIATION, <https://www.ustires.org/us-tire-manufacturers-association-names-bridgestones-paolo-ferrari-board-chair> (last accessed Feb. 13, 2024).

⁹⁸ *USTMA Announces Four New Board Members*, MODERN TIRE DEALER (Jan. 27, 2022), <https://www.moderntiredealer.com/retail/article/11466086/ustma-announces-four-new-board-members>.

⁹⁹ *See supra* note 97.

¹⁰⁰ *USTMA Board of Directors Holds Spring Meeting in Washington, DC, Admits GITI Tire USA as 12th Member Company*, U.S. Tire Manufacturers Association, <https://www.ustires.org/ustma-board-directors-holds-spring-meeting-washington-dc-admits-giti-tire-usa-12th-member-company> (last accessed Feb. 13, 2024).

¹⁰¹ *Michelin CEO Named USTMA Chairman*, MODERN TIRE DEALER (Oct. 12, 2023), <https://www.moderntiredealer.com/suppliers/article/33013078/michelin-ceo-named-ustma-chairman>.

¹⁰² Christopher R. Leslie, *The Probative Synergy of Plus Factors in Price-Fixing Litigation*, 115 Nw. U. L. Rev. 1581, 1590 (2021).

¹⁰³ Nokian Tyres, *Nokian Tyres' North American Factory – Dayton, Tennessee, USA*, <https://www.nokiantires.com/daytonfactory/> (last accessed Feb. 13, 2024).

92. Tire manufacturers are also required to comply with rigorous tire testing standards.

93. As to exit barriers, because a huge investment is required to set up a manufacturing plant specialized to manufacture tires, it is extremely difficult to exit from the tire industry. Thus, consolidation is more likely than companies going out of business.

94. Because the Tire market has high barriers to entry, it is more conducive to collusion. To maximize long-term profits, the cartel-fixed price must be sufficiently high to warrant participation in a criminal conspiracy but not so high as to lure new competitors into the market. When a market is protected by high barriers to entry, conspirators are better able to fix a high price with less worry that new firms will come into the market and bid the price down. In contrast, firms may not bother to conspire to fix prices if new entrants cannot be excluded from the market.

4. Tires Have Inelastic Demand

95. The price elasticity of demand refers to the relationship between the price and demand for a good. Where consumers will purchase as much as they need of a product regardless of price, demand is considered inelastic. A market with inelastic demand is more susceptible to collusion and price-fixing because competitors can raise their prices without suffering a significant decrease in sales or profit.

96. Tires are highly inelastic products because drivers cannot operate their vehicles without them; a driver cannot put off replacing a Tire for long once a replacement is needed.

97. Furthermore, there is no cross-elasticity of demand as no reasonable substitutes for Tires exist. Consequently, buyers will not be induced to buy more or fewer Tires through price changes.

98. Because the price for Tires is highly inelastic, Defendants were able to collectively raise prices to supracompetitive levels without losing revenue. As Bridgestone America's Chief

Operating Officer reported in July 2022, “We’re certainly seeing a red-hot economy that, despite the price increases and inflation, demand still remains quite strong.”¹⁰⁴

5. Defendants’ Tires Have a High Degree of Interchangeability

99. Defendants produce similar models of Tires, for example, all-season, all-terrain, winter/snow, and summer models. Within each of these types, Tires do not differ significantly in quality, appearance, or use. As a result, Tires within a model are functionally interchangeable.

100. When purchasing Replacement Tires, consumers can choose among brands. Even when consumers are replacing less than a complete set of four tires, they can use tires from different brands or models so long as certain features, such as tread depth, are similar.¹⁰⁵ Thus, Tire “producers are not likely to be able to deviate much from the competitive price without losing sales.”¹⁰⁶

101. When products are interchangeable, the primary way manufacturers compete is on the basis of price. The avoidance of price-based competition is the primary motivation for forming a cartel. Thus, cartels are more likely when the participants sell interchangeable products. Where a product, like a Tire, is interchangeable, economics suggests that cartel behavior is facilitated because, *inter alia*, cartel members can more easily monitor and detect defections from a price-fixing agreement.¹⁰⁷

¹⁰⁴ *Rising tire prices affected by several factors*, TIRE BUSINESS (July 8, 2022), <https://www.tirebusiness.com/news/rising-tire-prices-affected-several-factors>.

¹⁰⁵ Agota Szabo, *Should You Be Mixing Tire (Brands) On The Same Vehicle?*, PRIORITY TIRE (June 17, 2022), <https://www.prioritytire.com/blog/should-you-be-mixing-tire-brands-on-the-same-vehicle/>.

¹⁰⁶ Subhrendu K. Pattanayak, Brooks M. Depro, and Tayler H. Bingham, *Economic Analysis of the Rubber Tire Manufacturing MACT – Final Report*, U.S. Environmental Protection Agency, at 2-13 (Aug. 2000), https://www.epa.gov/sites/default/files/2020-07/documents/rubber-tire-mfg_ip_08-2000.pdf.

¹⁰⁷ See Christopher R. Leslie, *The Probative Synergy of Plus Factors in Price-Fixing Litigation*, 115 Nw. U. L. Rev. 1581, 1592 (2021) (“[A] standardized product facilitates price fixing by making coordination more straightforward and enabling price fixers to more easily detect cheating on the cartel agreement.”).

6. Government Antitrust Authority Conducted Dawn Raids on Defendants

102. On January 30, 2024, the EC announced it carried out dawn raids at the premises of several companies active in the Tire industry:

The Commission has concerns that the inspected companies may have violated EU antitrust rules that prohibit cartels and restrictive business practices (Article 101 of the Treaty on the Functioning of the European Union).

The products concerned by the inspections are new replacement tyres for passenger cars, vans, trucks and busses sold in the European Economic Area. The Commission is concerned that price coordination took place amongst the inspected companies, including via public communications.

103. Inspections by the EC are not undertaken casually. Inspections are typically done by an order of the EC, and the EC must have “reasonable grounds for suspecting an infringement of the competition rules;” “[i]t must be borne in mind that the inspections carried out by the Commission are intended to enable it to gather the necessary documentary evidence to check the actual existence and scope of a given factual and legal situation concerning which it already possesses certain information.”¹⁰⁸

104. Defendants Pirelli, Continental, Michelin, Nokian, Goodyear, and Bridgestone each confirmed that they are subjects of the EC investigation.

7. Defendants are Recidivist Antitrust Violators

105. In 2008, the South African Competition Authority conducted search and seizure operations at the premises of Bridgestone, Dunlop, and the South African Tyre Manufacturers’ Conference (“SATMC”).¹⁰⁹ These raids resulted in South African’s competition authority issuing

¹⁰⁸ Case No. T-135/09, *Nexans France SAS v. Comm’n*, 2012 E.C.R. 43, http://curia.europa.eu/juris/document/document_print.jsf?doclang=EN&text=&pageIndex=0&part=1&mode=lst&docid=129701&occ=first&dir=&cid=663482.

¹⁰⁹ Rishal Bipraj, *Tyresome Collusion: Tribunal Hearing into Alleged Tyre Cartel*, IRGLOBAL (Mar. 29, 2022), <https://irglobal.com/article/tyresome-collusion-tribunal-hearing-into-alleged-tyre-cartel/>.

finances against Goodyear and Continental, while Bridgestone South Africa (Pty) Ltd. escaped a fine after admitting to price fixing and receiving conditional immunity after filing a leniency application with the regulator.¹¹⁰

106. In its application for leniency, Bridgestone admitted that it held telephonic discussions and met with its competitors during the period 1999 to 2007 to agree in principle that they should cooperate to ensure stability in the market. The meetings, which were attended by the tire manufacturers' sales and marketing representatives, coordinated the timing and the average percentage price increase of tires, agreed on the discount structure to be given to tire dealers and messages to be given to the market explaining the increases.¹¹¹

107. In 2019, Defendants Bridgestone and Continental were amongst the 52 automotive suppliers that paid a total of \$23 million in settlements for antitrust law violations brought by the California Attorney General.¹¹²

TOLLING OF THE STATUTE OF LIMITATIONS

108. The applicable statutes of limitation have been tolled as a result of Defendants' knowing and active concealment and denial of the facts alleged herein.

109. Plaintiff and the Class did not know of Defendant's conduct prior to the European Commission's January 30, 2024 announcement that it was conducting raids in the tire industry. Before then, Plaintiff and the Class had no reason to believe, and could not have discovered through the exercise of due diligence, that Defendants were engaged in a price-fixing conspiracy.

¹¹⁰ Melissa Lipman, *S. Africa Targets Goodyear, Others in Tire Cartel Case*, LAW360 (Sept. 8, 2010), <https://www.law360.com/articles/192122/s-africa-targets-goodyear-others-in-tire-cartelcase?copied=1>.

¹¹¹ Tire Review Staff, *Heavy Penalty Sought in South Africa Price Fix Scheme*, TIRE REVIEW (Sept. 8, 2010), <https://www.tirereview.com/heavy-penalty-sought-in-south-africa-price-fix-scheme/>.

¹¹² Chris Anthony, *Tyremakers Among 52 Automotive Suppliers in US\$23 Million Antitrust Settlement*, I&A TYREPRESS (Dec. 6, 2019), <https://www.tyrepres.com/2019/12/tyremakers-among-52-automotive-suppliers-in-us23-million-antitrust-settlement/>.

110. Moreover, Defendants' secret price-fixing agreements were inherently self-concealing. Defendants also engaged in affirmative acts designed to mislead and conceal their illegal conduct. For example, Michelin attributed its 12% price increase on passenger and light truck Replacement Tires in 2022 to "market dynamics."¹¹³ Goodyear justified its July 1, 2022 price increase on consumer tires to rising raw-materials and other inflation-impacted costs.¹¹⁴ Pirelli justified its January 2022 price increase to "changing market conditions."¹¹⁵

111. Accordingly, the four-year statute of limitations governing claims under the Sherman Act were tolled at least until January 30, 2024 under the discovery rule and the doctrine of fraudulent concealment.

ANTICOMPETITIVE EFFECTS

112. Defendants' anticompetitive conduct had the following effects, among others:

- (a) competition among the Defendants has been restrained or eliminated with respect to Tires;
- (b) the price of Tires has been fixed, stabilized, or maintained at artificially high levels; and
- (c) purchasers of Tires, including Plaintiff, have been deprived of the benefit of free and open competition.

113. Defendants' violations of the antitrust laws have caused Plaintiff and members of the Class to pay higher prices for Tires than they would have in the absence of Defendants' illegal contract, combination, or conspiracy, and, as a result, Plaintiff and members of the Class have suffered damages in the form of paying supracompetitive prices for Tires. This is an injury of the

¹¹³ Michelin North America, Inc., *Michelin Implements Price Increase Across Passenger Brands and Commercial Offers in North American Market*, PR NEWswire (Dec. 1, 2021), <https://www.prnewswire.com/news-releases/michelin-implements-price-increase-across-passenger-brands-and-commercial-offers-in-north-american-market-301435108.html>.

¹¹⁴ See *Goodyear to Raise North America Tire Prices July 1*, *supra* note 72.

¹¹⁵ See Danielle Hess, *supra* note 74.

type that the antitrust laws were meant to punish and prevent. Defendants' price fixing conspiracy is *per se* unlawful.

CLASS ACTION ALLEGATIONS

114. Plaintiff brings this lawsuit under Fed. R. Civ. P. 23(a), (b)(2) and (b)(3) as representatives of the following class (the "Class"):

All persons or entities that purchased Tires directly from one or more Defendants within the United States and its territories during the period at least as early as January 1, 2020 until to the present ("Class Period").

115. Plaintiff reserves the right to modify, change, or expand the Class definition based upon discovery and further investigation.

116. Excluded from the Class are (1) any Judge or Magistrate presiding over this action and any members of their immediate families; (2) all jurors assigned to this case; (3) Defendants, Defendants' subsidiaries, affiliates, parents, successors, predecessors, and any entity in which Defendants or their parents have a controlling interest and their current or former employees, officers, and directors; and (4) Plaintiff's counsel and Defendants' counsel.

117. **Numerosity:** The Class consists of at least hundreds of thousands of individuals, making joinder impractical.

118. **Commonality and Predominance:** Common questions of law and fact exist with regard to each of the claims and predominate over questions affecting only individual Class members. Questions common to the Class include, but are not limited to:

a. Whether Defendants combined and/or conspired to fix, raise, maintain, or stabilize prices of Tires at any time during the Class Period;

b. Whether Defendants fixed, raised, maintained or stabilized prices of Tires sold to purchasers in the United States at any time during the Class Period, or committed other conduct in furtherance of the conspiracy alleged herein;

c. Whether Defendants engaged in conduct that violated Sections 1 and 3 of the Sherman Act;

d. Whether Defendants fraudulently concealed their conduct from purchasers in the United States;

e. Whether Defendants' conduct caused the prices of Tires sold directly to Plaintiff and other members of the Class to be higher than the prices that would have prevailed in a competitive market as a result of their restraint of trade;

f. Whether Plaintiff and other members of the Class were injured by Defendants' conduct and, if so, the determination of the appropriate Class wide measure of damages; and

g. Whether Plaintiff and other members of the Class are entitled to, among other things, injunctive relief, and, if so, the nature and extent of such relief.

119. **Typicality:** Plaintiff's claims are typical of the claims of Class members in that Plaintiff, like all Class members, has been injured by Defendants' misconduct — contracting, combining, or conspiring to fix, maintain, or raise the prices of Tires.

120. **Adequacy of Representation:** Plaintiff will fairly and adequately represent and protect the interests of the Class. Plaintiff has retained counsel with substantial experience in prosecuting complex litigation and class actions, including antitrust class actions. Plaintiff does not have any interests antagonistic to those of the Class.

121. **Superiority:** A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Class-wide damages are essential to induce Defendants to comply with federal and state law. Moreover, because the amount of each individual Class member's claim is small relative to the complexity of the litigation, and because of Defendants'

financial resources, Class members are unlikely to pursue legal redress individually for the violations detailed in this complaint. A class action will allow these claims to be heard where they would otherwise go unheard because of the expense of bringing individual lawsuits, and provides the benefits of adjudication, economies of scale, and comprehensive supervision by a single court.

122. **Injunctive relief:** Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive relief and corresponding declaratory relief with respect to the class as a whole.

CLAIMS FOR RELIEF

COUNT I

Violation of the Sherman Act, 15 U.S.C. §§ 1, 3 (Against All Defendants)

123. Plaintiff hereby repeats and incorporates by reference each preceding paragraph as though fully set forth herein.

124. Defendants entered into and engaged in a continuing combination, contract, or conspiracy in restraint of trade or commerce in violation of Sections 1 and 3 of the Sherman Act (15 U.S.C. §§ 1, 3) by artificially raising, fixing, maintaining or stabilizing the price of Tires sold within the United States.

125. The contract, combination, or conspiracy consisted of an agreement among Defendants and their co-conspirators to fix, raise, stabilize, or maintain the prices of Tires at artificially high levels.

126. Defendants' activities constitute a *per se* violation of Sections 1 and 3 of the Sherman Act.

127. Defendants' anticompetitive and unlawful conduct has proximately caused injury to Plaintiff and members of the Class by restraining competition and thereby raising, maintaining

and/or stabilizing the price of Tires at levels above the prices that would have prevailed in a competitive market.

128. For this conduct, Plaintiff and members of the Class are entitled to treble damages, injunctive relief, and attorneys' fees and costs pursuant to Section 4 and 16 of the Clayton Act, 15 U.S. Code §§ 15 & 26.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, respectfully request that the Court:

A. Certify this case as a class action, and appoint Plaintiff as Class Representatives and the undersigned attorneys as Class Counsel;

B. Enter judgment in favor of Plaintiff and the Class;

C. Enter injunctive and/or declaratory relief as is necessary to protect the interests of Plaintiff and Class members, including enjoining and restraining Defendants, their affiliates, successors, transferees, assignees, and other offices, directors, agents, and employees thereof, and all other persons acting or claiming to act on their behalf, from in any manner continuing, maintaining, or renewing the conduct, contract, conspiracy, or combination alleged herein, or from entering into any other contract, conspiracy, or combination having a similar purpose or effect, and from adopting or following any practice, plan, program, or device having a similar purpose or effect;

D. Award all actual, general, special, incidental, statutory, treble, punitive, liquidated, and consequential damages and/or restitution to which Plaintiff and Class members are entitled, including treble damages under the Clayton Act;

E. Award Plaintiff and Class members pre- and post-judgment interest as provided by law;

F. Enter such other orders as may be necessary to restore to Plaintiff and Class members any money and property acquired by Defendants through their wrongful conduct;

G. Award Plaintiff and Class members reasonable litigation expenses and attorneys' fees as permitted by law; and

H. Award such other and further relief as the Court deems necessary and appropriate.

JURY TRIAL DEMAND

Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury of all issues triable as of right.

Dated: February 27, 2024

Respectfully submitted,

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